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IMPROVEMENT OF E-GOVERNANCE SYSTEM MANAGEMENT IN UZBEKISTAN

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A B S T R A C T

This article explores the theoretical and practical aspects of public procurement. The existing problems in the public procurement system of the Republic of Uzbekistan were identified and ways of ensuring their compliance with international requirements through studying the experience of foreign countries were presented. The article presents scientific proposals and practical recommendations on how to save budget funds allocated to the state budget and ensure their efficient and rational use.

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A R T I C L E I N F O

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1. Introduction

It is well-known that public procurement is a very important process in the socio-economic development of any country and it is an important factor in maintaining the budgetary sustainability and timely supplying the public sector with the necessary goods, works and services.

Through public procurement, new opportunities will be created to promote competition, improve the quality of products, and support the economy, including industry and small businesses. Public procurement is a specific system, the main types of which are tenders, tenders, e-auction auctions, direct contracts, and competitive construction.

Due to the special role and importance of public procurement in the economy, the introduction of this system is given much attention as the driving force of reforms in our country. First of all, the legal basis for the relations in the system has been formed. The Civil Code, Budget Code, as well as the Cabinet of Ministers of the Republic of Uzbekistan dated August 29, 1998 No. 456 "On Improvement of Bidding Arrangements" on Legal Regulation of Public Procurement Processes In recent years, new steps have been taken in this area. The Decree of the First President of the country № PP-1475 of February 7, 2011 "On Optimization of the Public Procurement System and Expanding the Attraction of Small Businesses" was the

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basis for this. On April 9, 2018, the Law on Public Procurement was passed, the sole regulating document No. 472 of April 9, 2014.

The purpose of the ongoing reforms is also to create an effective system for the use of state budget funds and thereby to increase the share of small businesses in the country's GDP.

As a result of the reforms in public finance, a legal system of public finance management is being formed. This, in turn, will ensure the efficient use of public funds and the introduction of modern mechanisms. These cases show that improvement of e-government procurement in Uzbekistan is an important issue to be studied.

2. Literature review

According to The European Bank for Reconstruction and Development, public procurement policy is of vital importance to the government, and reforms in this area are required because some public procurement amounts to 10-20% of GDP on average. 20-30% of budget contracts are wasted due to inefficient public procurement systems. [1] Corruption can be eliminated through procurement reform; The effect of the procurement process is 1-2% of GDP.

From the first days of independence, the Republic of Uzbekistan has been carrying out gradual reforms towards socially oriented market economy. As a result of reforms in the state system and management, a new legal system for cost management is being formed. This, in turn, will ensure the efficiency of public expenditure and the introduction of modern management mechanisms.

The emerging international economic situation has made it more important for governments to fulfill their spending commitments at the expense of public funds.

It is well-known that the state must carry out a number of expenditures in the course of its duties. These expenditures are primarily aimed at specific goals such as government management and defense, aimed at investing in various sectors for the development of the country's economy, improving the living standards of the population, as well as performing social tasks. Public expenditures are generally funded through the state budget and other centralized funds.

The volume of public procurement in Uzbekistan is 11% of GDP, which indicates that it is an important factor in economic growth. Public procurement has a direct impact on GDP. [2]

A number of scientific studies have been carried out in our country to address the scientific aspects and practical problems of public procurement, and many foreign experts have different opinions on public procurement. In particular, M. Vahidova in her research paper emphasizes the need to simplify and streamline procurement. It is important to develop rules and regulations that will help the customer and suppliers, not interference. [3]

S. Allayorov studied foreign experience in public procurement management, Germany's experience in organizing public procurement electronically, and unconditional adherence to European public procurement legislation suggests that policies can be successfully adapted to European public procurement legislation. [4] .

In his article D. Pulatov [5] states that public procurement has a direct impact on the formation of GDP. With this in mind, it is said that wise public procurement policies are emerging as a tool that has a significant impact on macroeconomic growth.

E. Kolnoochenko [6] states that Canada is one of the ten countries with the lowest level of corruption, and that the Canadian Ministry of Public Works and Services has developed and practiced effective methods of combating corruption in public procurement.

In his article VV Kickavets [7] states that it is expedient to study the experiences of foreign countries in public procurement reform in the Russian Federation, highlighting the experiences of Western Europe and America.

V.T. Gadzhieva's research [8] shows that government contracts are one of the main institutions of public finance management and carry out a number of important functions as a tool for financial regulation, and the article analyzes this issue in detail.

Based on the world experience and the work of modern foreign economists, the author concludes that the system of public procurement, along with the state budget and tax system, is an important tool for the management of public finances for the development of economy, science and technology, and ensuring high economic growth. Under these conditions, the public

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procurement system is not only an effective and transparent form of budget spending, but also a tool for managing the government's financial regulation and modernization of the country's economy.

In his research, A. Khmara [9] analyzes the changes made to the legislation governing the public procurement system in Ukraine. In particular, the fact that state-owned enterprises and economic entities with a state share of more than 50% are excluded from their own tender (out-of-budget funds) from tender legislation is a negative fact.

3. Research Methodology

Kolnoochenko, Kikavets, Ermakov and Gadjieva from the aforementioned researchers have studied the best international practices in public procurement and expressed their views on its implementation during the reforms in the Russian Federation. It is worth noting that the development of e-government procurement in the US, Canada, Australia and the EU is seen as one of the first models of e-commerce as a government initiative to improve the efficiency of public procurement in developing countries, including Russia.

4. Analysis and results

In the foreign countries, the system of public procurement is considered as an important element of the socio-economic development of the country. Public procurement is also a tool for government regulation of the economy. In developed countries the share of state procurement in GDP is significant (Table 1).

Table 1. The share of public procurement in GDP, in percent

№	Countries	Years					
		2012	2013	2014	2015	2016	2017
1	Canada	14,8	14,1	13,8	13,4	12,9	13,4
2	France	15,1	14,8	15	15,1	14,8	14,5
3	Germany	14,8	14,6	14,6	14,9	14,9	15
4	Japan	15	15,4	15,6	16,4	16,3	16,3
5	South Korea	13,2	12,9	12,8	12,8	12,5	12,5
6	Sweden	16,1	16,1	16,4	16,5	16,4	16
7	Great Britain	15,1	14,4	14,1	13,9	14	13,2
8	USA	11,6	11,1	10,5	9,9	9,5	9,3

Source: Published by the author at www.data.oecd.org.

In general, the principles of public procurement in foreign countries include transparency, equality of public procurement participants, the effectiveness of transactions, and the responsibility of the parties.

Determining the effectiveness of e-government procurement in Uzbekistan, its positive impact on budget spending on budgetary institutions, and the identification of corruption and its systemic problems through statistical sources is a difficult task. This is because statistics on selected factors for public procurement are not kept. It is possible to identify problems in a questionnaire with qualitative data on a positive attitude between the participants of the e-government procurement system, that is, the manager or employee responsible for the procurement of budget organizations.

In a positivistic survey, surveys are used to collect primary and secondary data and to analyze them statistically and to generalize the results to the population. The generalization of the population depends on the size of the sample. The scope of

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the sample will be determined as it will be time consuming. Therefore, taking into account the fact that the sample survey was conducted both physically and physically, it was chosen as budgetary institutions in one district.

In the study and evaluation of advanced e-procurement systems in the public procurement system, a comparative analysis of the public procurement system with the principles of functioning of the public procurement system, provision of normative legal norms, openness, transparency, system integrity, advanced information and technology resources. can be increased. Comparative analysis is one of the most commonly used methods in socio-economic science and research. Comparative analysis is used to study the internal and external possibilities, causes, similarities, quantitative effects, pros and cons of any economic entity or performance for future experience. The advantage of comparative analysis is the practical application of the general parameters of the object under study and the practical application of political phenomena based on objective laws and peculiarities in different countries and systems.

A number of methods have been used in scientific research to assess the effectiveness of public procurement, to examine the extent of the budgetary economy as a result of public procurement and the advantages of foreign public procurement. These methods are summarized in Table 2 in a systematic manner.

Table 2. Methods for assessing the status and effectiveness of e-procurement systems

Research methods	Criteria of public procurement system	Opportunities for application to the public procurement system
Positive approach (survey, questionnaire, statistical analysis of data),	Determine the impact of existing problems in the public procurement system on the effectiveness of the system, performance of contracts and so on	The public procurement system helps to form a system of factors that affect the availability of limited or primary data and the competitiveness of suppliers of goods, works and services.
Valuation method (weighing budget funds using the initial and contract value of the contract)	Evaluation of public procurement system effectiveness	. The state assists in the effective budgeting and budgeting
Qualitative methods of interpretivistic approach (comparative analysis)	Determining the strength and advantages of the electronic trading system of foreign countries	The possibilities of introducing the practice of e-government public procurement system in Uzbekistan will be explored with advantages

Source: Author development.

Evaluation of the effectiveness of the public procurement system can be carried out either individually or by customers and by industry. There is also the effect of budget spending on a particular purchase, which is determined by the budget allocation or procurement. Indicators of the economy of budgetary funds are obtained and recommendations are given based on their results.

We can determine the budget economy by using the formula (E) (Aristarkhova, Zueva, Perevezentova, 2017).

$$E=\frac{Bb-Bsh}{Bb}\times 100\% \qquad (1.1.)$$

Here: Bb is the initial cost of the contract, and Bsh is the price of the contract.

Ivanova [10] evaluated this method in her research paper "Integrated Evaluation of the Efficiency of Public Procurement in the Orlovskiy Region" using this formula.

Based on the estimated budget economy, we will evaluate procurement activities according to the evaluation criteria given in Table 3.

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Table 3. Evaluation of procurement activities based on budgetary performance indicators

Indicator of budgetary economy	Evaluation of procurement activity effectiveness	Necessary precautions
E=0	Ineffective	Market research and involvement of suppliers.
E<5%	Ineffective	Market research and involvement of suppliers. The contract can be a clear definition of the market price
5%<E<12%	Normalization of efficiency	No special actions are required.
12%<E<20%	high efficiency	. Monitoring the performance of the contract by the supplier
E<20%	Extremely efficient	Clarify the initial price of the contract. Monitoring the performance of the contract by the supplier.

Source: Published by the author based on data provided by Aristarkova, Zueva, Perevezentova, (2017).

In many foreign countries, unified management technologies are used to plan, deploy and implement a contract system to meet government needs. Specific features of the national contracting system are the wide application of planning methods to meet government needs, price monitoring, sample contracts, contract control mechanism, special information resources in the evaluation of state contract execution and contract management. In general, in the developed countries, the basis of public procurement is based on transparency, equality of public procurement participants, the effectiveness of transactions, and the responsibility of the parties. Thus, it is necessary to study the experience of foreign countries in the development of electronic public procurement in Uzbekistan.

One of the main objectives of e-commerce is to achieve its economy through effective use of the state budget. Transparency of e-commerce will ensure the development of the public procurement system and more efficient budget savings. If the procurement of goods (works, services) by the budgetary organizations is carried out through the complete e-portal, the

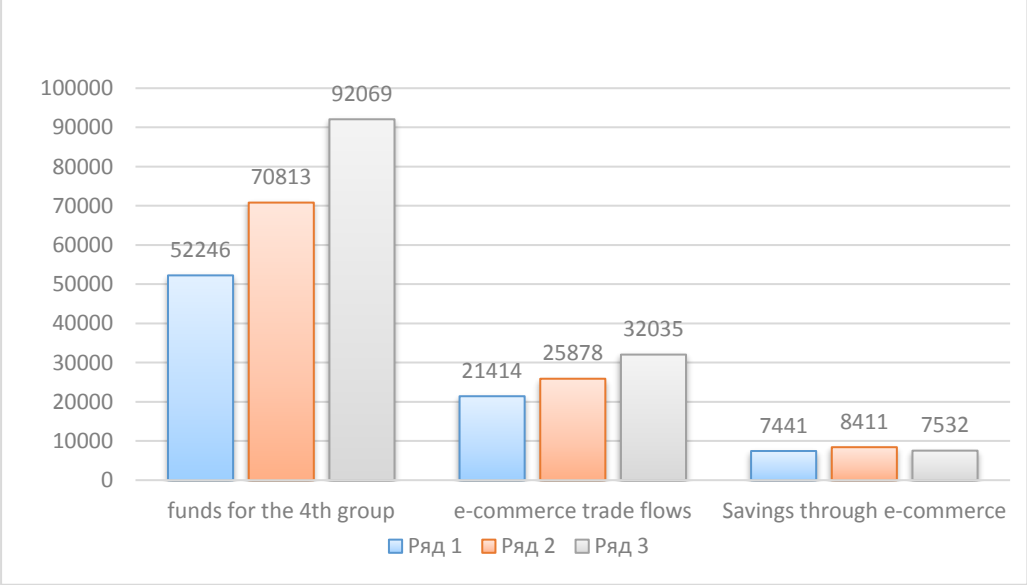


Figure 1. Public procurement of the Republic of Uzbekistan in 2015, 2016 and 2017, as well as information on purchases and savings of funds through electronic commerce, mln. UZS (Source: DMBAT)

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efficiency and rational use of budgetary funds will increase. An analysis of budget expenditures in the existing public procurement system can be seen in Figure 1 below.

In 2015, the total amount of cash expenditures (excluding expenditures for electronic trading, such as utilities, pharmaceuticals, fuel and lubricants, financial resources for medical institutions) amounted to 1534 bn. the sum of transactions made 491.4 billion sums, or 32% of the total expenditures of the 4th group, and the savings made through the electronic portal through 280.9 billion soums. or 57% of total e-commerce transactions, and 18.3% of group 4 expenditures. In 2016, the Group's total cash expenditures on other expenses amounted to 1,743 billion sums, while the amount of transactions made through e-commerce amounted to 592.6 billion sums or 34% of the total expenditures of the 4th group. As a result, the saved funds amounted to 131.7 billion sums, or 22% of total e-commerce transactions, and 7.5% of group 4 expenditures. In 2017, cash expenditures on Group 4-Other expenditures in the country amounted to 2179 billion sums, the amount of transactions made through e-commerce amounted to 428 million sums, or 20 % of the total expenditures of the 4 th group and the electronic trading portal. As a result, the savings made up 267.8 billion soums or 45% of total e-commerce transactions, 12% of the total expenditures of the 4th group.

Conclusions

Based on the results of the above analysis, I think it is expedient to make the following proposals for improving the methodology of public procurement in the Republic of Uzbekistan:

• Establishment of Public Procurement Policy Institute and Public Procurement Monitoring and Coordination Department in the Republic of Uzbekistan for further improvement of public procurement in the Republic of Uzbekistan.

• Creation of a single integrated electronic system on the basis of the portal of the Uzbek Republican Commodity Exchange and transferring it to the Department of Monitoring and Coordination of Public Procurement. It is necessary to introduce a system of motivation and preferences for small businesses to increase their participation in e-government procurement. Their participation in the public procurement system will improve the quality of goods (works, services), further economy of budgetary funds, and create a healthy competitive environment. In addition, today, with the development of e-commerce in global markets, our national enterprises are integrated into the global markets.

• In order to improve the quality and competitiveness of goods, it is advisable to develop a unified standard "numbering" of goods and products that meet international standards. This will prevent conflicts and disputes between the bidders, as well as improve the quality of goods and products.

• Introduction of qualification requirements by suppliers legislation to participate in public procurement.

• Existing regulations do not cover the knowledge and skills of public procurement personnel, as well as the nature of their requirements. There is no system to improve their skills. Procurement personnel should be subject to mandatory certification and material interest. This will help prevent corruption.

• Although the full name and composition of the goods (works, services) placed on the special electronic portal by the customer, depending on their needs, including its signs, volumes and other information, often causes conflicts between customers and suppliers. Although the specification is fully consistent with the specification included in the special e-portal, misunderstandings result from poor quality delivery. It is not possible to provide detailed information and specifications for certain goods (eg construction and repair, furniture, etc.). Naturally, if the customer enters the data for quality products, the supplier will try to deliver as low cost as possible.

• Lack of uniform methodological documentation for bidders. This methodical document covers all stages of public procurement and shows suppliers and customers how to work on a special information portal.

• Absence of a module that generates average market prices on the Special Information Portal. As a result, the portal differs significantly from market prices. This will affect the efficient use of budget funds.

The practical implementation of the proposals will allow evaluating the efficiency of public procurement in Uzbekistan and the efficiency of budget spending.

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